A Study of the Impact of Digitalization on the Businesses of Urban Street Vendors in Mumbai

Synopsis of the Research Proposal

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By

Mark Menezes

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Under the Supervision of

Dr. Shivangani Rathore

Assistant Professor, ICFAI University, Jaipur

THE ICFAI UNIVERSITY JAIPUR

Abstract

Urban street vendors are an integral part of the Indian economy. They help in making everyday articles available to customers at very competitive prices. This study aims to understand if the adoption of digitalization can bring about a significant impact on the businesses of urban street vendors. It highlights the benefits and challenges of adopting digitalization. It also explores the various platforms and applications that facilitate the digitalization of business processes of street vendors. The various initiatives undertaken by the government of India to bring street vendors under the formal system are also studied.

1.Introduction

Street Vendors are people, who are unable to get regular jobs in the formal sector, due to various factors like lack of education, skills, and opportunities. [1] However, post the covid-19 pandemic, many people have lost their jobs, and some of these have taken up street vending. Street vending is a comprehensive part of urban areas.

As per the street vendors (Protection of Livelihood and Regulation of Steet vending)act, 2014 – "Street vendor means a person engaged in vending of articles, goods, wares, food items or merchandise of everyday use or offering services to the general public, in a street, lane, sidewalk, footpath, pavement, public park or any other public place or private area, from a temporary built up structure or by moving from place to place and includes hawker, peddler, squatter and all other synonymous terms which may be local or region specific; and the words street vending with their grammatical variations and cognate expressions, shall be construed accordingly"

A study claims that 90% of the food retail market in urban areas is serviced by small scale shops and street vendors. [2] This shows how significant a role Urban Street vendors play in the economy. Though their contributions may be miniscule individually, they do have a major contribution to the market and economy collectively.

The union housing and urban affairs ministry in 2021 stated that about 49.48 lakh street vendors have been identified in India. The government of India recognizes street vendors as an important part of the economy and has taken steps to facilitate street vendors' adoption of digital payments through the PM Street Vendor's Atma Nirbhar Nidhi (PMSVANidhi) scheme. (2020) The main objectives of this scheme are:

(i) To facilitate working capital loan up to INR 10,000.
(ii) To incentivize regular repayment.
(iii) To reward digital transactions.

The scheme, funded by the union ministry of housing and urban affairs, aims to help formalize the street vendors. Importantly, street vendors vending in urban areas are eligible to avail this scheme. Data shows that only 20% of the beneficiaries of this scheme are digitally enabled. This is a very low number.

This research aims to understand the challenges that urban street vendors face in adopting digitalization. This will help to understand the root causes of the reluctance to adopt digitalization by urban street vendors. This could further benefit the aim of the government to identify ways to solve these problems and thereby increase the percentage of formalized street vendors. It will also be beneficial to private stakeholders – banks, digital payment apps, social media marketing organizations, etc. They can also use the findings of this research to come up with better and dedicated solutions to be offered to urban street vendors. Ultimately, if the challenges are identified, the solutions will help to improve the adoption of digitalization by urban street vendors and thereby improve their conditions.

Conceptual Definitions –

As per the street vendors (Protection of Livelihood and Regulation of Steet vending)act, 2014 – "**Street vendor** means a person engaged in vending of articles, goods, wares, food items or merchandise of everyday use or offering services to the general public, in a street, lane, sidewalk, footpath, pavement, public park or any other public place or private area, from a temporary built up structure or by moving from place to place and includes hawker, peddler, squatter and all other synonymous terms which may be local or region specific; and the words street vending with their grammatical variations and cognate expressions, shall be construed accordingly"

Digitalization –

Digitalization broadly refers to the structuring of many and diverse domains of social life around digital communications and media infrastructures.[3]With reference to this research topic, digitalization will include all those digital processes that are available to street vendors.

Digital Payments –

Simply put, digital payments refer to transfer of money done using digital modes. Both the payer and the payee use digital modes to send and receive money. [4] The types of digital payment modes available in India are –

1. Payment Cards – Credit Card, Debit Card, Smart Card, Charge Card, Fleet Card, Gift Card, Store Card
2. Unstructured supplementary Service Data (USSD)
3. Aadhar Enabled Payment Service (AEPS)
4. Unified Payments Interface (UPI)
5. Digital Wallets (e.g. Freecharge, Mobikwik, etc.)
6. Point of Sale machines
7. Mobile Banking
8. Internet Banking – National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS), Immediate Payment Service (IMPS), Electronic Clearing System(ECS).[4]

Though these payment systems are available, street vendors are unable to avail all these services due to lack of financial inclusion – and the main factor being having a bank account to link to the various digital payment apps. [5]

Social Media Marketing –

In a marketing context, social media can be refereed to platforms on which people build networks and share information and/or sentiments. [6]

Theoretical Framework –

This study aims to understand the impact of adopting digitalization on the businesses of urban street vendors. The relevant digitalization methods that are useful for Urban Street vendors are[7]:

- Digital Payments
- Social Media Platforms for Marketing
- Product Delivery
- Messenger apps to advertise
- Listing on Google Maps

The research aims to identify if there is any significant impact of adopting any of the above digital processes on the business of urban street vendors. The best aspect to measure the business performance is the revenue and sales growth of business.[8] Hence, the model that will be referred to will be related how the implementation or adoption of the various digital processes or methods brings about a change in the revenue of the businesses of urban street vendors.

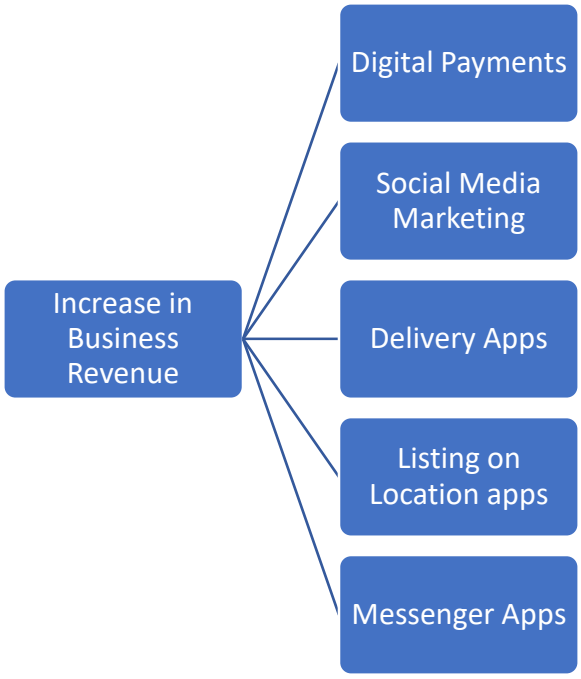


Fig. 1 -

Through this research, the relevant stakeholders will be able to find solutions to empower urban street vendors. This is also a step to support the government's initiative to bring about a formalization in this informal sector.

2. Review of Literature

The following is the review of existing literature on how various aspects of digitalization are impacting street vendors.

A survey of street food vendors was conducted in Meerut city. The study [7]reveals that whether educated or not, vendors are aware of the importance and need of adopting to digital processes for their business. One of the benefits of adopting digitalization is the increase in revenues and customer base. This study also emphasizes that digitalization should not be limited to just accepting digital payments. Other processes like customer relationship management, delivery of products, etc. should also be facilitated using digital methods.

[9] This study gives an overview of the street vendors in India, and describes the schemes introduced by the government of India for street vendors. There are approximately 10 million street vendors in India. The larger concentration of these street vendors are in the metros and urban areas like Mumbai, Delhi, Ahmedabad, etc. The research also speaks of the street vendors (Protection of Livelihood and Regulation of Steet vending) act, 2014, which has helped in giving legal rights to street vendors. One of the examples in the research, is of Mumbai city having about 2.5 lakh street vendors, however, there are only 15,000 licenses issued. This leaves the remaining vendors vulnerable to exploitation and harassment by authorities. The act of 2014 ensures that street vendors are protected in such instances. The PMSVANidhi scheme also encouraged street vendors by providing finance and enabling digital transactions. This was a good incentivization to encourage adoption of digital payments.

[10]Urban Street vendors face various challenges and are vulnerable to various factors. This research highlights the various challenges faced by urban street vendors. These factors could also contribute to the challenges that urban street vendors face in adopting digitalization. The paper categorizes them as – Social Vulnerabilities, Economic Vulnerabilities, Vulnerable working conditions & Vulnerable living conditions. The research points out that only one third of the street vendors have access to bank accounts. Also, there are hardly any monthly savings, as most of the earnings from the business needs to be used as working capital.

The contribution of street vendors in providing urban employment and revenue generation is considerable. The supreme court of India also mentioned that street vendors add to the comfort

and convenience of the general public, by making ordinary items available for relatively lesser pricing. The significant aspect is, street vending creates its own ecosystem – they support other small businesses like packaging, transport, etc. It's also a means of catering to the urban poor. This study also highlights that street vending is the most visible form of the informal economy. [11]

The research paper [12] talks about the various aspects of street vendors before and after the covid -19 pandemic in India. However, a very useful aspect that it speaks of, is the SWOT analysis of the PMSVANidhi scheme. Intended at formalizing street vendors and facilitating digitalization, the scheme has its own set of weaknesses as well. It first points out that there is hardly any incentive to transact digitally. The next important hindrance is that only those street vendors who are registered or have a license can avail of the loan under this scheme. While disbursing these loans, which is actually a miniscule amount of INR 10,000; banks are checking for CIBIL scores and income tax returns of street vendors. This is another hindrance in the process. However, the positive aspect of this scheme, is that the government is trying to formalize the street vendors under a single system and also trying to promote digitalization.

[8]speaks about how to measure business performance for family businesses. Since street vendors are generally owned by a single person, it can qualify as a family managed business. In this paper, the author mentions that 84% of businesses use financial measures to measure business performance. Revenue, sales growth, profitability, etc. are some of the financial measures that are used.

An interesting study by [13] mentions how consumers are now being influenced by online food vlogger reviews in their purchase decision regarding street food. It studies how social media is impacting the marketing of local street vendor food.

[14] In this study, the author explores the marketing capabilities of street food vendors in Thailand. It explains how the street food vendors have a different set of marketing capabilities as compared to established and large-scale businesses.

A study [15] to understand how online advertising on social media influences impulse buying decisions of consumers towards Indian street food. It emphasizes how social media is gaining popularity among Indian consumers irrespective of literacy status. One of the major contribution of social media as a platform for advertisement, is that it increases awareness among customers – not only about the street food business, but it also enables customers to view the preparation process along with the final product, thereby enticing the customer to try the product.

Food Delivery Apps (FDAs) are an important part of the Indian economy. They are a part of the e-supply chain. This paper mentions how even street vendor food is available on FDAs. It gives them the opportunity to sell their product alongside other restaurants and restaurant chains in the area. It also emphasizes how the emergence of food delivery apps has enabled a shift to the 'pull demand' for food. [16]

An article [17] claims that inspite of legalizing the activity of street vending in India, the default policy in many cities is to clamp down on street vendors. The author argues that with rapid urbanization, the number of street vendors is only going to increase. It is also suggested that street vending should be a planned activity, written in a city's urbanization plans.

One paper [18] specifically studies the impact of digital payments and wallets on the businesses of street vendors in India. An interesting highlight of this study is that more vendors of the younger age group are open to the use of digital apps to transact. It also highlights the major benefits of using digital payments – Ease of doing business and speed of service. It also lists down the major digital wallets in India, namely - PayTm, Google Pay, Amazon Pay, Phone Pe, Mobikwik, etc. And as per the research, Phone Pe and Paytm are the most convenient digital wallet according to both street vendors and consumers. As per this study, use of new age banking has no significant impact on increasing the business of street vendors.

A recent study [19] explores how poverty alleviation is an outcome of street vendors adopting digitalization. It also mentions that street vending provides flexibility in entry and exit, less compulsion for educational qualifications, less restrictions on socio-cultural aspects,etc. This makes street vending a viable option for people from weaker sections of society. The financial investment required is also not as high as compared to formal sector business.

One study [20] conducted in Indonesia, highlights how street vendors switched to digital processes and online marketplaces because of the pandemic. It explores how street vendors started giving greater focus on customer relationship management as well to sustain their businesses. Many street vendors also stated that being active on social media is very important. It not only is a way to connect with their customers but also to learn new skills and update themselves.

Street vendors in the city of Lucknow, as per this study [21] ,face a lot of challenges. Many of them are not aware of the government schemes available for street vendors. Street vendors are yet to adopt digital payment methods. This paper highlights a lot of the challenge faced by urban street vendors. There are financial challenges as well as other challenges like lack of storage space, fixed location, etc. that street vendors face.

3.Present Study

3.1 Statement of the problem

The existing literature about the street vendors speaks about various aspects of street vending in India. There is a lot of information on why street vending exists and how it contributes to society and the economy. [11] There is also plenty of research done on the vulnerabilities of street vendors and what are the challenges they face. The focus of the government to formally recognize urban street vendors and encourage digital transactions (through payments) is also captured. Though many street vendors seem to accept digital payments, there are many who still don't. There is a significant research gap in understanding the challenges faced by street vendors in adopting digitalization and also on the impact of the adoption of these digital processes on street vendors' businesses. Digitalization will not only benefit the urban street vendors, but will also benefit customers, the government and other businesses that are part of the street vending ecosystem.

In this report, investigation will be conducted to understand all those challenges that urban street vendors face in adopting digital processes in their various transactions. Currently payments can be accepted digitally, there are various digital apps that provide delivery services (e.g. Dunzo, WeFast, etc.) Food street vendors also are slowly getting empaneled onto food delivery apps. (Swiggy & Zomato) [22]There are also digital apps that help small businesses keep an account of their transactions in a simple way. (e.g. Khaatabook). Digitalization can also be used to improve customer relationship management. WhatsApp, for instance, can be used to simply inform customers about new products, or just to remind customers to visit their business. Digitalization can also assist street vendors in better marketing their products and services. With a host of services that can be facilitated digitally, and considering the significantly large number of street vendors, the reason why the ecosystem remains untapped, is what the study aims to investigate. It also aims to understand how adopting digitalization has impacted the businesses of urban street vendors.

3.2 Significance of the study

Digitalization helps in improving the speed of communication and various other processes for businesses. The urban street vendors form a significant part of the informal economy in cities. In fact there are over 10 million street vendors in India.[9] Individually, a street vendor may generate a relatively lower revenue as compared to formal sector employment. However, the revenue volume of the 10 million + street vendors is a sizeable one. Yet, these street vendors are subject to various challenges and vulnerabilities – economic, social, working conditions, harassment from local authorities, etc. which significantly affect their business.

The government of India recognizes this and has introduced steps to assist urban street vendors. But these schemes have not been used to their fullest extent by street vendors. Understanding the challenges faced by urban street vendors will benefit the following stake holders –

- Street Vendors: The primary stakeholders in this ecosystem. According to a research, adopting to digital processes has a direct impact on incremental revenues for street vendors.[7] Using digital processes will help them to increase the efficiency with which business is conducted. It can also be used to increase the customer base and also for promoting their products. Increase in revenue also helps street vendors lead a better quality of life and provide better facilities for their families.
- Government: The government also stands to benefit from urban street vendors shifting to digital platforms. It helps in formalizing the street vendors and keeping a record. For example, under the PMSVANidhi scheme, food vendors who wanted to get listed on delivery apps like Zomato and Swiggy, need to get registered with FSSAI (Food safety and standards authority of India). [22] The government can also benefit from tax schemes if a proper plan is established.
- Digital App Companies: 10 million street vendors are a huge opportunity for all digital app organizations. Be it Payment, product delivery, food delivery or even location services, urban street vendors can be a good source of revenue for the organizations providing services in this space. Understanding why urban street vendors are not adopting to digitalization will help these organizations to come up with plans, products and services specially focused to encourage urban street vendors to adopt digitalization.
- Customers: Customers in urban areas are quickly adopting digitalization. As such, street vendors shifting to digital platforms adds to the customer's convenience.

3.3 Objectives of the study

The objectives of the study are as follows:

1. To explore the level of awareness and utilization of digitalization by urban street vendors.
2. To understand the benefits of adopting digitalization for street vendors.
3. To understand the various challenges faced by urban street vendors in adopting digitalization.
4. To understand the impact of adopting digitalization on the businesses of Urban Street Vendors.

3.4 Hypothesis

H0: Adoption of Digitalization has no significant impact on Businesses of Urban Street Vendors.

4. Research Methodology

4.1 Research Design

Since the research is focused on identifying the impact of adopting digitalization on urban street vendor business, an exploratory research design will be used.

4.2 Sample

The sample will be selected using the stratified sampling under the probability sampling method. This is because there are various types of street vendors, but they can be classified into sub groups like food vendors, fruit and vegetable vendors, clothes and shoes vendors, juices & water vendors, mixed products vendors and others. [9]

The sample will include urban street vendors in the city of Mumbai. There will be a mix of both stationary and moving street vendors. The samples will be approached face to face to become respondents to the survey or interview schedule.

The sample size for the study will be about 400 urban street vendors, keeping in mind the objectives of the research.

4.3 Data Collection

The research will use a mix of both primary and secondary data.

Primary Data Collection:

- **Universe:** The universe is the urban street vendors in India.
- **Sampling Design:** For the purpose of this research, the sampling unit will be the urban street vendors operating in the city of Mumbai. As mentioned earlier, under probability sampling, stratified sampling method will be used.
- **Techniques:** Interview schedule and questionnaire will be used to collect primary data from the respondents.
- **SPSS** software will be used to analyze the data that is gathered.

Secondary Data Collection:

Secondary data will be collected through government data published on their websites. Relevant research papers in various online journals will also be accessed. Books will also be referred to in case a need arises.

Procedure:

For the primary data collection, permission will be taken from street vendors before noting their responses. If necessary, local street vendor associations will be contacted for any necessary approvals or permissions.

Ethical Considerations:

Participants of the research will be informed of the purpose of data collection. The identity of the respondents will be kept anonymous.

5. Data Analysis

The data that will be collected will have to be analyzed to obtain inferences from the same. The methods that will be used to conduct the analysis of the data will include –

Descriptive analysis tools like pie charts, tables, diagrams, graphs etc.

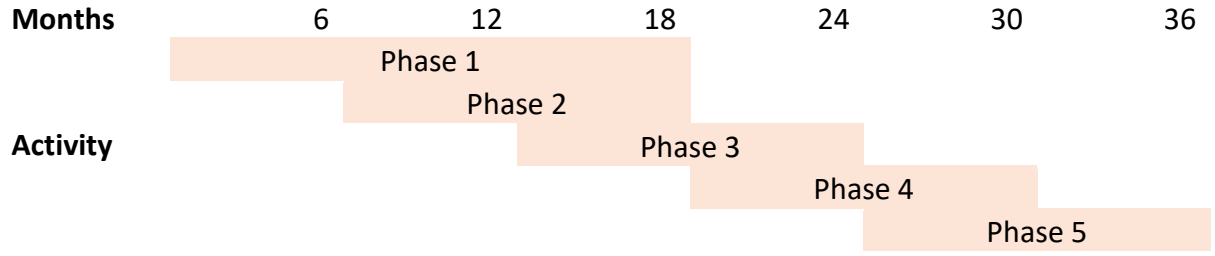
To conduct inferential analysis of the data, software like SPSS will be used. Statistical tests like Correlation, Annova, Regression, t-test etc. will also be used.

6. Limitations & Delimitations

There may be some possible limitations in this study. It will not be possible to survey all the street vendors in Mumbai. Hence the respondents will have to be limited to a sample size. Sampling error may occur as probability sampling is being conducted.

There is also limited research work conducted on the challenges faced by street vendors in adopting digitalization. Time is another constraint for this study.

7.Work Plan of the Research



The approximate work plan for the research will be as follows:

Phase 1: There will be an extensive and in-depth literature survey and review conducted to identify and understand the available and previously conducted research on the topic.

Phase 2: Preparation of the data collection tools like questionnaire and Interview schedule. Also in this phase, interaction with local street vendor associations will be done to take any permissions if necessary.

Phase 3: Data collection will be done. The responses of the samples will have to be recorded manually. Considering the sample size to be 400, the plan is to interview at least 10 street vendors in a day. This data then needs to be entered digitally into a system for further analysis.

Phase 4: This phase will be used for data analysis and interpretation. After the data is analyzed, we can use the outcomes to test the hypothesis.

Phase 5: The final phase will sum up the conclusions of the research and will also be used to come up with recommendations. It will end with the submission of the thesis.

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